



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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**Director**  
AMY CARLSON

DATE: January 27, 2015

TO: President Debby Barrett

FROM: Kris Wilkinson, Senior Fiscal Analyst

RE: Economic Development Programs

You requested information on economic development programs within executive branch agencies. The purpose of this memorandum is to provide you with information on the programs within the various state agencies that are tasked with economic development as well as the Governor's proposed budget for these programs in the 2017 biennium and the appropriated levels of funding for FY 2014 and FY 2015 respectively.

While it could be argued that a number of state agencies provide economic development three state agencies have specific direction from the legislature as to this task including:

- Governor's Office
- Department of Commerce
- Department of Labor and Industry

The Office of Economic Development was created by the 2001 Legislature through SB 445, a bill that reorganized the Department of Commerce. This reorganization created the Office of Economic Development including providing for 7.0 new full-time exempt employees headed by the Chief Business Development Officer. The public purpose outlined in the bill included:

- Strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability
- Cooperate with business enterprises, local governments, other public organizations, and the federal government and use all practical means and measures, including financial and technical assistance, to:
  - Establish an economic climate in which the state's natural resources and agricultural operations remain constant contributors to the state's economic welfare;
  - Articulate a coherent economic development vision for the future; and
  - Take a proactive role to ensure that Montana has the flexibility and resources to be an effective competitor in the changing global marketplace

The Montana Department of Commerce provides economic development through the following divisions and programs:

- The Business Resources Division offers finance, technical, and information assistance for private business, local and regional development corporations, and local communities. Economic development programs include:

- Big Sky Economic Development Trust Fund (BSTF)
- Community Development Block Grant – Economic Development (CDBG-ED)
- Indian Country Economic Development (ICED)
- MicroBusiness Finance Program
- Montana Board of Research and Commercialization Technology (MBRCT)
- Montana Indian Equity Fund
- Montana SBIR/STTR Matching Funds
- Montana Wood Products Revolving Loan Fund (WPRLF)
- Primary Sector Workforce Training Grant Program (WTG)
- Certified Regional Development Corporations (CRDC)
- Office of International Trade and Relations
- Made in Montana
- Montana Technology Innovation Partnership (MTIP)
- Montana Small Business Development Center Network (SBDC)
- Business Expansion and Retention (BEAR)
- Montana Manufacturing Extension Center (MMEC)
- The Montana Promotion Division provides economic development through the promotion of the state as a vacation destination and film location. Economic development programs include:
  - Tourism Infrastructure Investment Program (TIIP)
  - Special Event Grant Program (SEGP)
  - Montana Big Sky Film Grant
- The Community Development Division helps Montana communities offer public facilities. Economic development programs include:
  - Community Technical Assistance Program (CTAP)
  - Community Development Block Grant Program (CDBG)
  - HOME Program
  - Treasure State Endowment Program (TSEP)
  - Quality Schools Program
  - Coal Board / Hard Rock Mining Impact Board
- The Housing Division & Montana Board of Housing works to provide housing for lower income individuals and families in the state of Montana. Economic development programs include:
  - Section 8 Housing Choice Voucher Program
  - Section 8 Veterans Affairs Supportive Housing Program (VASH)
  - Shelter Plus Care Program
  - Housing Tax Credit Program
  - Mortgage Credit Certificates
  - Homeownership Program
  - Reverse Annuity Mortgage Program (RAM)
- The Montana Facility Finance Authority is the primary issuer of municipal bonds for Montana's health care organizations, continuing care residents programs and community service providers. Economic development programs include:
  - Direct Loan Program
  - Equipment Revenue Note Program
  - Trust Fund Loan Program
  - Stand Alone Program
  - Montana Capital Assistance Program (MCAP)
  - Master Loan Program
- The Montana Board of Investments provides prudent investment management of state and local government funds and works with financial institutions, state agencies, and local governments. Economic development programs include:

- Unified Investments Program
- In-State Loan Programs
- Municipal Finance Programs (INTERCAP)
- Short Term Investment Pool (STIP)

The Department of Labor and Industry provides economic development utilizing employee training programs. The programs within the Workforce Services Division provides for apprenticeship and training, Jobs for Montana Graduates Program, and the Incumbent Worker Training Program.

The chart on the following page shows the budget appropriations for the 2015 biennium and the proposed appropriations for the 2017 biennium. The source of authority for the funding is identified as well. It should be noted that the Montana Facility Finance Authority, the Board of Investments, and portions of the Housing Division do not have budgets established for the programs that they administer. If you wish additional information on the programs under these entities please let me know.

Please let me know if you have any additional questions or work like additional information in relation to these programs.

Economic Development Programs									
Agency	Program	Authority	Appropriated FY 2014	Appropriated FY 2015	Biennial Total	Proposed FY 2016	Proposed FY 2017	Biennial Total	% Change
Governor's Office	Office of Economic Development	HB 2	615,657	618,251	1,233,908	748,273	747,598	1,495,871	21.23%
Department of Commerce	Big Sky Economic Development Trust	Statutory	3,133,314	3,508,875	6,642,189	3,436,227	3,590,579	7,026,806	5.79%
Business Resource Division	Community Development Block Grant	HB 2	2,607,004	2,604,061	5,211,065	2,819,729	2,632,664	5,452,393	4.63%
	Indian County Economic Development	HB 2	800,000	800,000	1,600,000	800,000	800,000	1,600,000	0.00%
	Montana Indian Equity Fund	Statutory	Included above			0	0	0	0.00%
	Microbusiness Finance Program	HB 2	2,088,194	2,087,794	4,175,988	2,131,532	2,130,788	4,262,320	2.07%
	Board of Research and Commercialization	Statutory	3,650,000	3,650,000	7,300,000	1,450,062	1,448,591	2,898,653	-60.29%
	SBIR/STTR	HB 2	375,000	375,000	750,000	559,600	190,400	750,000	0.00%
	Wood Products Revolving Loan Fund	Statutory	1,103,432	2,060,532	3,163,964	1,145,770	1,038,709	2,184,479	-30.96%
	Primary Sector Workforce Training Grants	HB 2	1,400,000	1,400,000	2,800,000	600,000	600,000	1,200,000	-57.14%
	Certified Regional Development Corporations	Statutory	425,000	425,000	850,000	425,000	425,000	850,000	0.00%
	Office of International Trade and Relations	Statutory	340,000	300,000	640,000	300,000	300,000	600,000	-6.25%
	Made in Montana	HB 2	103,933	103,933	207,866	103,933	103,933	207,866	0.00%
	Montana Technology Innovation Partnership	Statutory	50,000	50,000	100,000	50,000	50,000	100,000	0.00%
	Small Business Development Center Network	Statutory	125,000	125,000	250,000	125,000	125,000	250,000	0.00%
	Business Expansion and Retention	Statutory	9,000	9,000	18,000	9,000	9,000	18,000	0.00%
	Montana Manufacturing Extension Center	HB 2/Statutory	250,000	250,000	500,000	200,000	200,000	400,000	-20.00%
	Enhance Economic Development	HB 2	0	0	0	2,750,000	2,750,000	5,500,000	100.00%
Montana Promotion Division	Tourism Infrastructure Investment Program	Statutory	22,094,509	24,168,314	46,262,823	23,945,559	26,118,300	50,063,859	8.22%
	Special Event Program	Statutory	0	0	0	0	0	0	0.00%
	Montana Big Sky Film Grant	Statutory	1,000	1,000	2,000	1,000	1,000	2,000	0.00%
Community Development Division	Community Technical Assistance Program	HB 2	394,837	394,091	788,928	852,375	836,411	1,688,786	114.06%
	Community Development Block Grant	HB 2	5,612,134	5,611,952	11,224,086	4,716,385	4,716,637	9,433,022	-15.96%
	HOME Program	HB 2	6,619,337	6,623,846	13,243,183	8,319,218	8,315,960	16,635,178	25.61%
	Treasure State Endowment Program	HB 2/Statutory	34,548,579	563,630	35,112,209	637,839	637,818	1,275,657	-96.37%
	Quality Schools Program	HB 2/Statutory	11,801,444	382,268	12,183,712	419,989	419,023	839,012	-93.11%
	Coal Board	HB 2	2,261,967	1,872,967	4,134,934	1,856,555	1,855,349	3,711,904	-10.23%
	Hard Rock Mining Impact Board	HB 2/Statutory	802,594	802,200	1,604,794	495,807	470,113	965,920	-39.81%
Housing Division	Section 8 Housing Choice Voucher Program	Proprietary	43,404,925	44,493,091	87,898,016	42,030,289	42,779,126	84,809,415	-3.51%
	Section 8 Veterans Affairs Supportive Housing	Proprietary	Included above						
	Housing Tax Credit Program	Proprietary	Breakdown unavailable						
	Mortgage Credit Certificates	Proprietary	Breakdown unavailable						
	Homeownership Program	Proprietary	Breakdown unavailable						
	Reverse Annuity Mortgage Program	Proprietary	Breakdown unavailable						
	Shelter Plus Care Program	HB 2	375,000	375,000	750,000	376,666	376,666	753,332	0.44%
Montana Facility Finance Authority	Direct Loan Program	Proprietary	Break down unavailable						
	Equipment Revenue Note Program	Proprietary	Break down unavailable						
	Trust Fund Loan Program	Proprietary	Break down unavailable						
	Stand Alone Program	Proprietary	Break down unavailable						
	Montana Capital Assistance Program	Proprietary	Break down unavailable						
	Master Loan Program	Proprietary	Break down unavailable						
Board of Investments	Unified Investment Program	Proprietary	Break down unavailable						
	In-State Loan Program	Proprietary	Break down unavailable						
	Municipal Finance Program	Proprietary	Break down unavailable						
	Short Term Investment Program	Proprietary	Break down unavailable						
Department of Labor and Industry	Apprenticeship and training	HB 2	545,714	545,714	1,091,428	518,373	518,373	1,036,746	-5.01%
	Jobs for Montana Graduates Program	HB 2	306,643	306,643	613,286	330,676	330,676	661,352	7.84%
	Incumbent Worker Training Program	HB 2	560,980	560,980	1,121,960	637,017	637,017	1,274,034	13.55%